

# ***GST turnover checklist***

JobKeeper extension payment eligibility



## Last updated 16 September 2020

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This checklist has been prepared based on the provisions in the *Coronavirus Economic Response Package (Payments and Benefits) Act 2020* and the *Coronavirus Economic Response Package (Payments and Benefits) Rules 2020*, as amended ("**JobKeeper Extension Rules**"). The checklist items need to be considered in the context of the relevant employer entity that is determining its GST turnover for the purposes of the JobKeeper scheme. We recommend seeking further guidance from your regular Pitcher Partners' contact or one of the GST experts listed at the end of this document if you are unsure about any aspect of your GST turnover calculation.

This checklist is relevant solely for the purposes of the actual decline in turnover test in section 8B of the JobKeeper Extension Rules ("**Actual Decline in Turnover Test**"). It is not relevant for the purposes of any other part of the JobKeeper rules or the *Fair Work Act 2009*.

### How do I satisfy the Actual Decline in Turnover Test?

From 28 September 2020, employers will be required to re-assess their eligibility for JobKeeper payments based on their actual turnover in the quarter ended 30 September 2020. Employers will need meet the Actual Decline in Turnover Test in respect of the September quarter to be eligible for JobKeeper extension payments in respect of fortnights commencing between 28 September 2020 and 3 January 2021.

Employers will need to further re-assess their eligibility in January 2021 for the JobKeeper fortnights commencing on or after 4 January 2021. To remain eligible for JobKeeper payments until 28 March 2021, employers will need to meet the Actual Decline in Turnover Test based on their actual turnover for the quarter ended 31 December 2020.

A qualifying decline in turnover is at least

**30%**

for employers with an aggregated turnover that does not exceed \$1b

**50%**

for employers with an aggregated turnover in excess of \$1b

**15%**

for certain ACNC-registered charities

For the purposes of the Actual Decline in Turnover Test, turnover is based on the GST concept of current GST turnover as defined in the GST legislation but subject to specific modifications solely for the purpose of the JobKeeper rules. There are two main tests – the basic test and the alternative test. These are briefly summarised below.



#### Basic test

To assess whether there has been a decline in turnover of the required percentage, an entity must compare its current GST turnover for the relevant quarter in 2020 ("**turnover test period**") to its current GST turnover for the corresponding quarter in 2019 ("**relevant comparison period**"). The entity's GST turnover must be determined according to the GST attribution rules based on the GST accounting basis that applies to the entity for reporting purposes, being cash or non-cash (accruals).



#### Alternative test

The Commissioner has issued a legislative instrument that sets out seven scenarios in which an entity may be able to test its decline in turnover using an alternative test, due to there not being an appropriate comparison period in 2019. The JobKeeper Rules also allow service entities that meet certain criteria to test their decline in turnover using an alternative test.

### Can I just use the sales reported on my BAS?

While the turnover reported at label G1 on the BAS is a good starting point, there are a number of **adjustments** that may be required to this amount in order to correctly calculate the current GST turnover for the turnover test period, and the equivalent current GST turnover for the relevant comparison period. The checklist over the page outlines some important factors that should be taken into account when calculating current GST turnover for the purposes of the JobKeeper Extension Rules.

# GST turnover calculation checklist

In calculating your GST turnover have you considered the following –					
1	<b>GST entity</b>	Yes	No	Unsure	NA
	Was the correct legal entity (specified employer) registered for GST purposes in both the turnover test period and the relevant comparison period?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	For example, a trustee company may have been mistakenly registered for GST and may have been reporting sales in its own capacity rather than being correctly registered in the capacity as trustee of a trust. This may also be the case for partners in a partnership (that have not registered the partnership for GST purposes and are not carrying on separate enterprises).				
	COMMENTS				
2	<b>Taxable supplies and GST-free supplies</b>	Yes	No	Unsure	NA
	Does your GST turnover include all taxable and GST-free supplies made during the turnover test period and relevant comparison period?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>Note:</b> In some cases, GST-free supplies may not have been correctly reported on the BAS lodged by the specified employer.				
	COMMENTS				
3	<b>Input taxed supplies</b>	Yes	No	Unsure	NA
	Have you removed the value of all input taxed supplies made during the turnover test period and relevant comparison period?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	For example, residential rent, the sale of non-new residential premises and consideration for financial supplies such as interest income.				
	COMMENTS				

**In calculating your GST turnover have you considered the following –**

<b>4 GST group adjustments</b>	<b>Yes</b>	<b>No</b>	<b>Unsure</b>	<b>NA</b>
<p>If the specified employer is a member of a GST group, have you included the value of any supplies that have been made by the specified employer to other entities within the same GST group during the turnover test period and relevant comparison period? Also, have you excluded the value of any supplies made by other members of the GST group.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Note:** Supplies made to members of the same GST group are usually ignored and excluded from the BAS lodged by the representative member of the GST group. However, these supplies must be included for the purposes of the 10% Decline in Turnover Test where they are taxable supplies or GST-free supplies.

**COMMENTS**

<b>5 Cash or accruals basis</b>	<b>Cash</b>	<b>Accruals</b>	<b>Unsure</b>
<p>Have you accounted for GST on a cash or non-cash (accruals) basis in your BAS lodged for both the turnover test period and relevant comparison period?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Note:** Your current GST turnover must be determined using the same GST accounting basis that applied to you for the turnover test period and the relevant comparison period. If you were not registered for GST in both periods, or your GST accounting basis changed between the relevant comparison period and the turnover test period, please contact one of the GST experts listed at the end of this document for further assistance.

**COMMENTS**

<b>6 Adjustments</b>	<b>Yes</b>	<b>No</b>	<b>Unsure</b>	<b>NA</b>
<p>Have you excluded any increasing or decreasing adjustments (including bad debt adjustments) reported on the BAS lodged for the turnover test period and relevant comparison period?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For example, credit notes issued to your customers that reduce the value of the supplies made in earlier periods need to be excluded from your current GST turnover calculation.

**COMMENTS**

**In calculating your GST turnover have you considered the following –**

- |          |  |                          |                          |                          |                          |
|----------|--|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>7</b> | <b>Supplies attributed to the incorrect period – exclusions</b>  | <b>Yes</b>               | <b>No</b>                | <b>Unsure</b>            | <b>NA</b>                |
|          | Have you removed any supplies reported on your BAS lodged for the turnover test period or relevant comparison period that should have been attributed to a different BAS period? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

COMMENTS

- |          |  |                          |                          |                          |                          |
|----------|--|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>8</b> | <b>Supplies attributed to the incorrect period - inclusions</b>  | <b>Yes</b>               | <b>No</b>                | <b>Unsure</b>            | <b>NA</b>                |
|          | Have you included any supplies attributable to the turnover test period or relevant comparison period, but which were incorrectly reported on a BAS lodged for another period? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

COMMENTS

- |          |  |                          |                          |                          |                          |
|----------|--|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>9</b> | <b>Recording of negative expenses</b>  | <b>Yes</b>               | <b>No</b>                | <b>Unsure</b>            | <b>NA</b>                |
|          | Have negative expenses been recorded incorrectly for GST purposes (i.e. as a negative acquisition rather than as a supply) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Note:** The negative expenses need to be included in your GST turnover if they represent consideration for taxable or GST-free supplies.

COMMENTS

- |           |   |                          |                          |                          |                          |
|-----------|---|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>10</b> | <b>Non-Australian supplies</b>  | <b>Yes</b>               | <b>No</b>                | <b>Unsure</b>            | <b>NA</b>                |
|           | Have you excluded supplies that are not connected with Australia?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|           | For example, supplies made outside Australia by an overseas branch should not be included in your GST turnover. This is different to an export which is treated as a GST-free supply. |                          |                          |                          |                          |

COMMENTS

**In calculating your GST turnover have you considered the following –**

- | 11 <b>Supplies for non-monetary consideration</b>  | Yes                      | No                       | Unsure                   | NA                       |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Have you included the value of any supplies that have been made for non-monetary consideration during the turnover test period and relevant comparison period? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

For example, barter transactions where there has been an exchange of goods or services between two entities, but no cash has changed hands. These transactions should be included in your GST turnover.

COMMENTS

- | 12 <b>Margin scheme</b>  | Yes                      | No                       | Unsure                   | NA                       |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Have you made any supplies of real property under the margin scheme and, if so, have you included in your GST turnover the full value of the supplies made, rather than just the margin? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Note:** If the BAS is completed correctly, the amounts reported on the BAS as sales made under the margin scheme do not generally correspond to the value of supplies made for GST turnover purposes. An adjustment will be required to ensure the correct amount is included as GST turnover for both the turnover test period and relevant comparison period.

COMMENTS

- | 13 <b>Security Deposits</b>   | Yes                      | No                       | Unsure                   | NA                       |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Have you properly excluded any security deposits (generally a 10% deposit) received during the turnover test period and relevant comparison period? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Note:** Some payments may be called a deposit but may actually represent part payment of the consideration for a supply.

COMMENTS

**In calculating your GST turnover have you considered the following –**

- | 14 <b>Commercial accommodation</b>  | Yes                      | No                       | Unsure                   | NA                       |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| <p>If you provide long-term accommodation in commercial residential premises, have you made an election to treat the supplies of accommodation as input taxed supplies?</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Where an election has been made, these supplies should be excluded from your GST turnover.

**Note:** Further consideration should be given to the operation of these rules prior to making any election.

COMMENTS

- | 15 <b>Loan repayments</b>  | Yes                      | No                       | Unsure                   | NA                       |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| <p>Have you properly excluded loan repayments received during the turnover test period and relevant comparison period?</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

COMMENTS

- | 16 <b>Distributions</b>  | Yes                      | No                       | Unsure                   | NA                       |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| <p>Have you properly excluded trust distributions, partnership distributions or company dividends received during the turnover test period and relevant comparison period?</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Note:** Such distributions may have been incorrectly included as GST-free or input taxed sales and reported on the BAS in the corresponding comparison period.

COMMENTS

- | 17 <b>Renewals – e.g. membership or subscription offers</b>  | Yes                      | No                       | Unsure                   | NA                       |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| <p>If you issue a form of membership or subscription renewal document, have you considered whether the supply is made when the renewal notice is issued, or only occurs in a later period?</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Note:** In some circumstances, issuing an offer for a membership or subscription renewal may not result in a supply being made at the time of making the offer; it may be that the supply only occurs when the offer is taken up by the customer.

COMMENTS

## In calculating your GST turnover have you considered the following –

**18 Gifts or donations** **Yes** **No** **Unsure** **NA**

Have you excluded the value of any gifts or donations that you have received during the turnover test period and relevant comparison period? ☐ ☐ ☐ ☐

**Note:** This item does not apply to ACNC-registered charities or deductible gift recipients – special rules apply to include certain gifts or donations (see below at item 19).

COMMENTS

**19 Gifts or donations to DGRs or other ACNC-registered charities** **Yes** **No** **Unsure** **NA**

If you are an ACNC-registered charity or deductible gift recipient, have you included the value of qualifying gifts received in the turnover test period and relevant comparison period? ☐ ☐ ☐ ☐

**Note:** The rules surrounding the calculation of GST turnover for charities and deductible gift recipients for are quite specific and require a more detailed assessment depending on the type of charity registration you operate under.

COMMENTS

**20 Fund-raising events** **Yes** **No** **Unsure** **NA**

If you are an endorsed charity or deductible gift recipient, has an election been made to treat any fund-raising events as input taxed fund-raising events? ☐ ☐ ☐ ☐

If so, any supplies made in relation to the input taxed fund-raising event during the turnover test period and relevant comparison period should be excluded from your GST turnover.

**Note:** There are special rules which govern whether a fund-raising event may be treated as input taxed. The treatment to be applied to upcoming fund-raising events should be considered.

COMMENTS

**21 Compensation** **Yes** **No** **Unsure** **NA**

Have you properly excluded any qualifying compensation payments received during the turnover test period and relevant comparison period? ☐ ☐ ☐ ☐

COMMENTS



## In calculating your GST turnover have you considered the following –

22	Government & non-government grants	Yes	No	Unsure	NA
	Have you properly excluded qualifying government grants or other qualifying grants of financial assistance received during the turnover test period and relevant comparison period?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Note:** In some cases, the receipt of a grant (either government or non-government) does not represent consideration for a supply and is therefore not counted towards GST turnover. ACNC-registered charities (other than Table A and B Providers and schools) can also elect to exclude from their turnover any supplies where the consideration for the supply is provided by an Australian government agency, a local governing body, the United Nations, or an agency of the United Nations. If you are an ACNC-registered charity that has made such an election, please contact one of the GST experts listed on the last page of this document for further assistance.

COMMENTS

23	Private use assets	Yes	No	Unsure	NA
	Have you properly excluded any supplies of private use assets that have been incorrectly reported on your BAS lodged for the turnover test period or relevant comparison period?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

COMMENTS

24	Agent supplies	Yes	No	Unsure	NA
	Have you properly excluded supplies that you have made as agent of another entity during the turnover test period and relevant comparison period?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Note:** Supplies made as agent of another entity are often incorrectly included on the BAS and may therefore have been incorrectly included as sales in the relevant comparison period.

COMMENTS

**In calculating your GST turnover have you considered the following –**

- |   | Yes                      | No                       | Unsure                   | NA                       |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>25 Divisions 57 or 153-B agency arrangements</b>   |                          |                          |                          |                          |
| Have you entered into a special Division 57 or 153-B agency arrangement with another entity under which you made supplies as their agent during the turnover test period or relevant comparison period? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Note:** Supplies made by an agent under a Division 57 or 153-B agency arrangement can be excluded from your turnover.

COMMENTS

- |  | Yes                      | No                       | Unsure                   | NA                       |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>26 Supplies to associates</b>   |                          |                          |                          |                          |
| Have you made supplies to associates for no or less than market value consideration during the turnover test period or relevant comparison period? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Note:** Depending on the status of your associate, you may need to include the market value of these supplies in your GST turnover.

COMMENTS

- |  | Yes                      | No                       | Unsure                   | NA                       |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>27 Insurance settlements</b>  |                          |                          |                          |                          |
| Have you received insurance settlements during the turnover test period or relevant comparison period? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Note:** Insurance settlement amounts should be excluded from your turnover.

COMMENTS

- |  | Yes                      | No                       | Unsure                   | NA                       |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>28 Vouchers</b>   |                          |                          |                          |                          |
| If you issue vouchers, have you checked whether the supply of the voucher has been recognised at the time of issuing the voucher or whether it has been recognised at the time of redemption of the voucher? A voucher should be excluded from GST turnover until such time as it is redeemed. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Note:** This treatment only applies to qualifying vouchers.

COMMENTS

**In calculating your GST turnover have you considered the following –**

29 **Lay-by sales** Yes No Unsure NA

If you make lay-by sales, have you checked whether the supply of the good has been recognised at the time of entering into the lay-by, on receipt of each instalment, or on receipt of the final payment?

☐
☐
☐
☐

For accruals based taxpayers, the supply should be recognised and included in GST turnover on receipt of the final payment.

For cash based taxpayers, the supply should be recognised and included in GST turnover on receipt of each instalment.

COMMENTS

30 **Book / journal entries** Yes No Unsure NA

Have you included any transactions with other entities (commonly related entities) recognised by way of a book entry instead of issuing an invoice or receiving any cash?

☐
☐
☐
☐

For example: Year-end adjustments that relate to services provided throughout a financial year but are not calculated and posted in the accounts until after the end of that financial year. i.e. a 30 June adjustment calculated and posted in September.

COMMENTS

# Next steps

Once you have completed this checklist, we recommend that you provide a copy to either your regular Pitcher Partners' contact or one of the GST experts listed below, to assist with determining whether all necessary adjustments have been taken into account in calculating your relevant GST turnover for the purpose of determining whether there has been a sufficient decline in turnover to access JobKeeper extension payments.

Where a qualifying decline in turnover has been identified, you will need to maintain sufficient documentary evidence to support how the decline in turnover was determined and to ensure that your calculations can be supported in the event of a review. This completed checklist may be included as one part of your documentary evidence and may assist in demonstrating that you have undertaken a considered approach to calculating your GST turnover.

## Important information

This checklist is not intended to represent an exhaustive list of all issues that should be considered when assessing your GST turnover for the purposes of the JobKeeper Extension Rules. It is intended to capture a broad range of issues which may or may not be relevant to your particular circumstances. The information provided in this document is of a general nature and has been prepared without taking into account your specific circumstances or financial position. It is not intended to constitute advice.

## Further information and assistance

Contact any of the Pitcher Partners GST experts for further information and assistance.



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